(d) None of these three OMCs has reported any case of benami operation of its retail outlets in the State during the last three years.

**Potential of setting up a new oil refinery in Andhra Pradesh**

4281. SHRI S.M. LALJAN BASHA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether at any time Government did any surveys or studies on the potential of setting up an oil refinery at Narsapur in Andhra Pradesh;

(b) whether Government have conducted any study on the physical feasibility of setting up an oil refinery near the cast gas resources in the Godavari delta in Andhra Pradesh;

(c) if not, the plans of Government to locate an oil refinery at Narsapur in Andhra Pradesh; and

(d) the details of such plans which were at any time studied with regard to their potential and commercial viability?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) No, Sir.

(c) and (d) Government have no plan or proposals to set up an oil refinery at Narsapur in Andhra Pradesh. However, the Refineries Sector has been delicensed since June, 1998 and a refinery can be set up anywhere in India by private or public sector enterprises depending on the promoters' assessment of its viability. It is not the Central Government but public and private sector enterprises who consider proposals for setting up refineries. Public Sector Undertakings may consider setting up a refinery in accordance with the decision-making authority delegated to them by Government *vide* Department of Public Enterprises' Office Memorandum No. DPE/11(2)/97-Fin. dated 22.7.1997.

**Review of subsidies on oil products**

4282. SHRI R.P. GOENKA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have reviewed certain observations of the Asian Development Bank in its recent annual publication "Asian Development Outlook", highlighting *inter alia* that the State subsidies on oil products are doing great harm in India and some other South East Asian member-countries, inasmuch as they are poorly targeted, often distorting resource

allocation, and urged upon them to scale back subsidies and align prices with the market; and

(b) if so, what is Government's reaction thereto?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) The Asian Development Bank (ADB) in its recent annual publication "Asian Development Outlook" has made certain observations on the subsidy mechanism operated by the Government of India/public sector oil companies in respect of petroleum products.

PDS kerosene and domestic LPG are subsidized products. In addition to Government subsidy, public sector oil marketing companies (OMCs) have been sharing the burden by not passing the full increase in the international prices in the domestic consumer prices of these products.

The pricing mechanism for petroleum products including PDS Kerosene and Domestic LPG during 2004-05 has attempted to balance the interests of various stakeholders, *viz*., Consumers, Government and Oil Companies. As of now, the Government have decided that the budgetary subsidy on PDS Kerosene and domestic LPG are available upto 31st March, 2007. Scaling back of subsidies on kerosene and domestic LPG, which are products of mass consumption even in the rural areas, is not being considered at present. It may be noted in this context that the ADB report also mentions that the subsidies on kerosene and LPG discourage the use of firewood for cooking and lighting. This has positiive impact on the environment.

**Estimated oil and gas reserves in the country**

4283. SHRI CHO. S. RAMASWAMY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the estimated reserves of oil and gas in the country as per the surveys conducted in the country so far;

(b) what steps are being taken to increase the local production of crude and gas in the country;

(c) whether Government are considering to give more exploration permits for crude and gas production in the country; and

(d) if so, how many such sites have been identified and what will be the quantity of crude and gas likely to be produced through such ventures?